JATA News Release
Japan Association of Travel Agents
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June 10 2017

Survey of Travel Market Trends - June 2017, 1st quarter

The Japan Association of Travel Agents (JATA) asks all member companies to register as survey monitors. JATA conducts a quarterly Survey of Travel Market Trends involving 614 registered companies. The results of the 1st quarter (April-June) survey are shown below.

●Overseas travel DI grew 8 points over that of the previous quarter and reached -20.

※Travel across all categories was sound and online travel agencies performed better than the previous three months.

※While Europe continued to recover, the decrease of demand for South Korea stood out.

※Technical/business visits,and incentive tours increased. While Studenteducational tours showed a decline.

〇In three months, the overall DI will drop by 1 point and get down to -21

※Hawaii is expected to score a 5-point increase; while America and Canada will maintain the growth trend increasing their

●Domestic travel DI increased by 16 points over the previous quarter and grew from -14 to +2

※Domestic wholesalers suffered a noticeable decline.

※Hokkaido and Kyushu enjoyed a large increase in demand while Tohoku continued its recovery.

※Both group travel and FIT travel increased

〇During the next three months domestic travel DI is expected to drop by 4 points down to -2

※Hokkaido will continue to perform well and is expected to step into positive DI territory. Demand for Tohoku will stay high.

※Work-related travel will decrease by 14 points while student/educational tours will maintain the downward trend.

●Inbound travel DI increased by 9 points and grew from –7 to +2

※While Okinawa and Kyushu are both on the increase, demand for Hokkaido has shrunk.

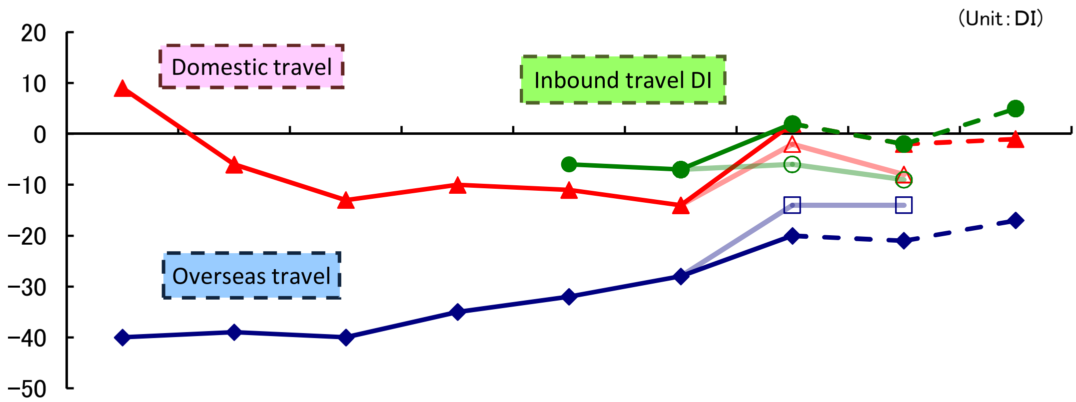
※Group travel, MICE and FIT are all on the increase.

※A big increase of the number of North American visitors stood out as the market recovered.

〇During the next three months, inbound DI is expected to fall by 4 points down to -2

※Hokkaido will get on the recovery track as demand will increase by 9 points. Tohoku, too, is expected to recover and grow by 3 points.

※While Taiwan will still be in the lead, however it is expected to shrink by 7 points.



	One and a half ago Oct.-Dec.	1 year 3 months ago Jan.-Mar.	1 year ago Apr.-Jun.	9 months ago Jul.-Sep.	6 months ago Oct.-Dec.	3 months ago Jan.-Mar.	Current situation Apr.-Jun.	3 months later Jul.-Sep.	6 months later Oct.-Dec.
Overall overseas travel	-40	-39	-40	-35	-32	-28	-20 ※-14	-21 ※-14	-17
Overall domestic travel	9	-6	-13	-10	-11	-14	2 ※-2	-2 ※-8	-1
Overall inbound travel	-	-	-	-	-6	-7	2 ※-6	-2 ※-9	5

※2017年3月期調査見通し数値

■About the Survey of Travel Market Trends

The Japan Association of Travel Agents (JATA) asks all member companies to register as survey monitors.
JATA conducts the quarterly Survey of Travel Market Trends involving 614 registered companies and publishes

The Survey of Travel Market Trends is designed to grasp trends in the travel market based on responses to questions on current conditions and those anticipated over the next three months.
The survey asks participating companies to rate their sales results for each destination and customer segment by choosing from three categories: "good," "average," and "poor." For items outside their business scope, respondents select "do not handle." Each share of "good," "average," and "poor" is then divided respectively by the denominator, which is equal to the total number of responses minus the "do not handle" (including "no reply") responses. Finally, each share is processed into the Diffusion Index (DI) by subtracting the percentage of "poor" from the percentage of "good."The highest possible index figure is +100, and the lowest is -100.

◆Survey Overview

Survey area:	Japan nationwide
Survey target:	JATA member company management, Member of Japan Council Travel Agents for Chinese
Survey method:	Internet survey
Survey period:	May 22(Monday),2017 to June 12(Monday),2017
Registered companies:	614
Responding companies:	341
Response rate:	55.5%

◆Business classificatio

The Survey of Travel Market Trends analyzes business conditions based on business content.
A definition of each business classification and the number of survey respondents are shown below.

Designation	Definition	Number of companies	Ratios
Full-service travel agency	A large-scale travel agency with a national network that provides a full range of travel products	39	11.4%
Overseas travel wholesaler	A dedicated overseas travel wholesaler	20	5.9%
Overseas travel specialist agency	A travel agency with a business volume of more than 5 billion yen, 80% of which is related to overseas travel	11	3.2%
Domestic travel wholesaler	A dedicated domestic travel wholesaler	9	2.6%
First-tier retail agency	Other than the above, a travel agency with a business volume of 3 billion yen or higher	25	7.3%
Second-tier retail agency	Other than the above, a travel agency with a business volume of less than 3 billion yen	143	41.9%
In-house travel agency	A travel agency which mainly handles travel arrangements for its parent company	47	13.8%
Online travel agency	Other than the above, companies whose business is based on internet sales	10	2.9%
Inbound tour travel agency	Companies which offer mostly inbound tours	37	10.9%

For more information about this survey, contact JATA's Public Relations Committee.
These data are available at http://www.jata-net.or.jp
TEL: [+81] 3 3592 1244

■ Overall Business Activity in the Overseas Market

While the overlook is for a weaker performance compared to the previous quarter, business activity is expected to grow by 8 points and reach -20. 1st category retailers and online travel agencies are getting a strong recovery. Europe is also stay on the recovery track. South Korea is suffer a noticeable decrease in demand. Incentive travel and business/technical visits are recover steadily. Students/educational tours are decrease considerably. In three months, overseas travel DI will not show any remarkable fluctuations. It

Overall

Though DI fell short of the expected -14 level it grew by 8points up to -20. All business categories performed well with general travel agencies enjoying a 25-point, 1st-category retailers 28-point, OTA 34-point growth. Europe marked an 8-point increase in demand, solidifying its recovery over the previous 6 months. America & Canada also recovered as demand increased by 4 points. Demand for South Korea continued to decline and decreased by 24 points. While in a leading position, Asia lost 2 points and Hawaii lost 1. Incentive tours increased by 16 points and business/technical visits by 12. The decline of students travel by 12 and educational tours by 14 points stood out

Current situation (April – June)
Though DI fell short of the overlook, it continued to recover. Europe is on the recovery track. Demand for South Korea is noticeable.

- Europe continues to recover while North and South America decline (1st tier/General travel agency)
- Japanese visitors and flights to Micronesia decrease (1st tier/Overseas tour whole seller)
- Vietnam, Singapore and Taiwan are in demand. The recovery of South Korea is weak (1st tier/Retailer 1)

Overlook for the next two quarters

Fluctuations will not lead to big changes. The figures will stay more or less the same.
U.S.A, Canada and Hawaii are expected to recover.

- While group travel will be strong, FIT travel demand for Europe and South Korea will be low (1st tier/General travel agency)
- Travel demand is sluggish due to North Korean threats and fear of terrorist acts; this influence is expected to continue till aut (1st tier/Overseas tours whole seller)
- Hawaii and Guam will be in demand as they are considered safe and package tours are on special offer (2nd tier/Retailer)

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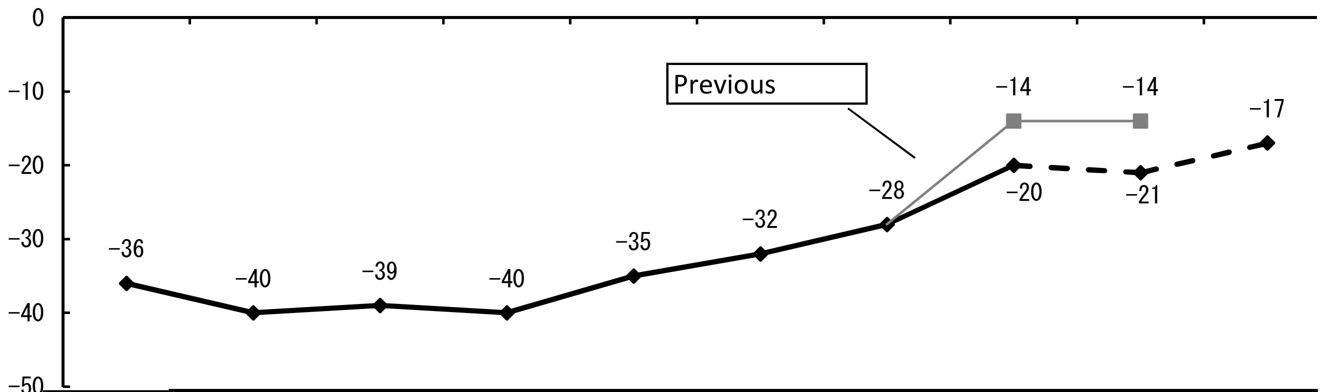


2 years ago Apr.-Jun.	1 1/2 years ago Oct.-Dec.	1 year and 3 months ago Jan.-Mar.	1 year ago Apr.-Jun.	9 months ago Jul.-Sep.	6 months ago Oct.-Dec.	3 months ago Jan.-Mar.	Current **Apr.-Jun.**	3 months later Jul.-Sep.	6 months later Oct.-Dec.
-36	-40	-39	-40	-35	-32	-28	**-20** **※-14**	-21 ※-14	-17

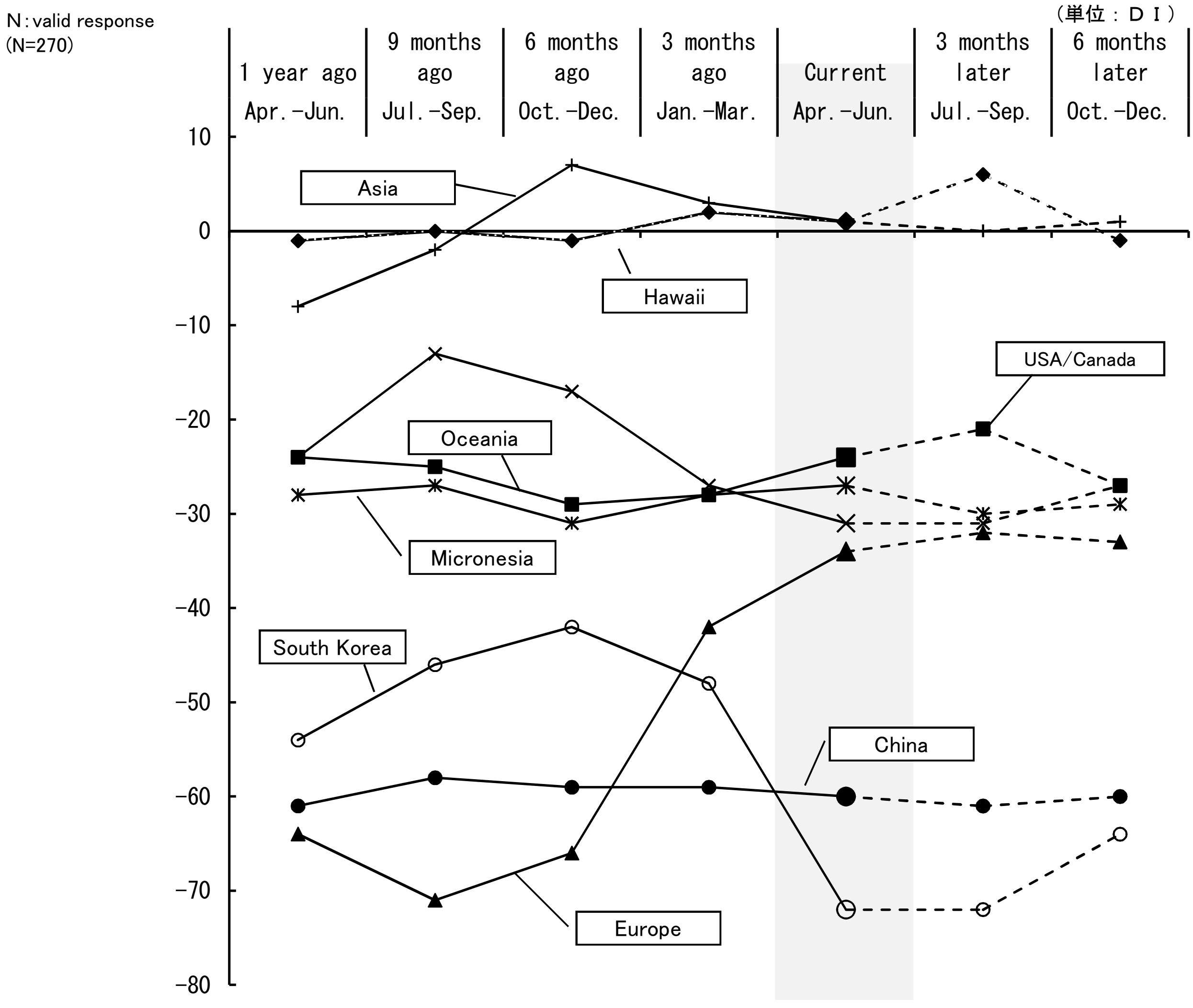
※ Outlook as of Mar. 2017

	1 1/2 years ago Oct.-Dec.	1 year and 3 months ago Jan.-Mar.	1 year ago Apr.-Jun.	9 months ago Jul.-Sep.	6 months ago Oct.-Dec.	3 months ago Jan.-Mar.	Current **Apr.-Jun.**	3 months later Jul.-Sep.	6 months later Oct.-Dec.
Full-service travel agency	-68	-71	-63	-49	-42	-14	**11**	5	0
Overseas travel wholesaler	-61	-53	s Activity in t	-44	-41	-40	**-35**	-20	-5
Overseas travel specialist age	-6	-18	-6	-27	8	-16	**-9**	-27	18
First-tier retail agency	-57	-39	-38	-40	-23	-19	**9**	0	0
Second-tier retail agency	-37	-36	-39	-33	-35	-37	**-34**	-30	-28
In-house travel agency	-19	-22	-40	-25	-20	-17	**-15**	-24	-19
Online travel agency	-	-	-50	-33	-50	-50	**-16**	-43	-33

■ Trends in Overseas Travel Demand (by destination)

The recovery of Europe is strong. There are no considerable fluctuations in demand for Hawaii and Asia, which remain in the lead. U.S.A. & Canada are enjoying a moderate recovery. Demand for China is low. South Korea marks a big decline.

- Europe, compared to the previous quarter (January – March), grew up to -34 and showed a strong recovery over the 3rd quarter of 2016. Micronesia grew by 1 point, while China decreased by 1 point down to -60; both destinations changed their performance compared to the January – March quarter. U.A.S. & Canada were 4 points up (-24) as they continued to recover moderately. The demand for South Korea continued to decrease – it shrank by 24 points and got down to -72. Asia (0), while losing 2 points, maintained it top ranking. Hawaii (1) also saw a 1-point decrease in demand.
- During the next quarter (July – September), the recovery of China and South Korea will be slow. Hawaii will increase by 5 points up to 6. U.S.A. & Canada will grow by 3 points, up to -21. Europe will see a 2-point stronger demand, reaching the -30 level. Demand for Oceania is expected to stay at -32. The weak demand for South Korea and China will stand out.



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	1 year ago Apr.-Jun.	9 months ago Jul.-Sep.	6 months ago Oct.-Dec.	3 months ago Jan.-Mar.	**Current Apr.-Jun.**	3 months later Jul.-Sep.	6 months later Oct.-Dec.
Hawaii	-1	0	-1	2	**1**	6	-1
USA/Canada	-24	-25	-29	-28	**-24**	-21	-27
Europe	-64	-71	-66	-42	**-34**	-32	-33
Oceania	-24	-13	-17	-27	**-31**	-31	-27
Micronesia	-28	-27	-31	-28	**-27**	-30	-29
Asia	-8	-2	7	3	**1**	0	1
China	-61	-58	-59	-59	**-60**	-61	-60
South Korea	-54	-46	-42	-48	**-72**	-72	-64

◆Trends in Overseas Travel (by market segment)

Business/technical visits and incentive tours, which declined during the January – March quarter, enjoy good demand. Educational tours and students have dropped remarkably while working women (OL) and solo travelers are enjoying a moderate recovery.
In three months, educational tours will recover while business/technical visits and incentive tours which are in demand during the current quarter, as well as senior travel will see a considerable decline.

- The incentive tours which are in decline now, will increase by 16 points, and business/technical visits will increase by 12 points. Female office worker (OL) will be 5 points up and Individual traveller will recover, showing a 4-point increase on its way to recovery. Educational tours and students travel are expected to decrease considerably by 14 and 12 points respectively. Senior and family demand will be 2 and 3 points down respectively. Honeymoon is expected to show no change.
- During the next three months (July – September), educational travel will recover and increase by 10 points. Family travel will be on the increase with a 5-point growth. Demand from Female office worker (OL) is expected to be 2-points higher and students travel will grow by 1 point. Individual traverller will be steady. All market segments are expected to show no noticeable changes. Technical/business visits which were in demand during the previous quarter, will drop by 13 points. Incentive tours, seniors, and honeymooners are expected to see a decrease in demand by respectively 10, 10 and 7 points.

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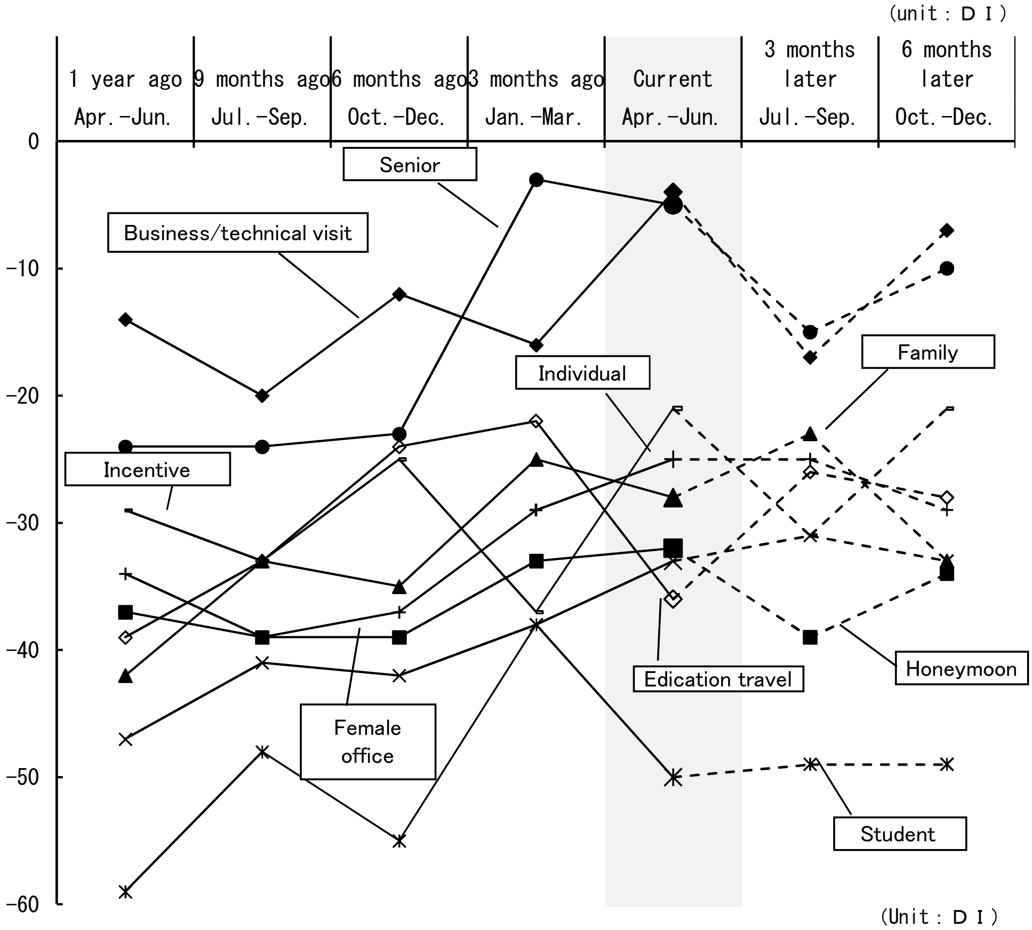

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	1 year ago Apr.-Jun.	9 months ago Jul.-Sep.	6 months ago Oct.-Dec.	3 months ago Jan.-Mar.	**Current Apr.-Jun.**	3 months later Jul.-Sep.	6 months later Oct.-Dec.
Honeymoon	-37	-39	-39	-33	**-32**	-39	-34
Family	-42	-33	-35	-25	**-28**	-23	-33
Female office worker	-47	-41	-42	-38	**-33**	-31	-33
Student	-59	-48	-55	-38	**-50**	-49	-49
Senior (*)	-24	-24	-23	-3	**-5**	-15	-10
Individual tours	-34	-39	-37	-29	**-25**	-25	-29
Incentive (**)	-29	-33	-25	-37	**-21**	-31	-21
Business/technical visit	-14	-20	-12	-16	**-4**	-17	-7
Education travel	-39	-33	-24	-22	**-36**	-26	-28

* Senior: Customers aged 60 or older.

** Incentive: Travel offered as an incentive to business and organization employees.

■Inbound travel overall

Inbound travel DI exceed the forecast and stepped into positive territory after growing by 9 points. While Okinaw
and Kyushu are on the recovery track, Hokkaido suffers a considerable decrease in demand.
All customer segments are on the increase. During the next three months, demand in general will drop 4 points an

Overall

All business categories are on the increase with the exception of online travel agencies. Both Okinawa and Kyushu exceeded the forecast. Okinawa grew by 17 points up to -2; Kyushu is 16 points better at -16 level. Demand for Hokkaido is considerably smaller, down by 20 points. Demand by all customer segments is on the increase. Visitors from Taiwan and South-East Asia are increasing and the demand from North American visitors stands out.

Current situation

Okinawa and Kyushu are on the growth. Hokkaido shows considerable decrease.

・FIT demand is growing fast. MICE, too. 1st tier/General travel agency)
・Visits to Hokuriku and Kyusyu by South-East Asians and other source markets are growing. (1st tier/Inbound travel agency)
・Visitors are looking for sightseeing plus experience. (1st tier/Retailer 2)

Outlook for the next two quarters

Hokkaido will grow 9 points and get on the recovery track

・China will be the largest source market and repeat-visitors are expected to increase. (3rd tier/Retailer 1)
・Visitors from Taiwan will increase. Demand from China will be low. (1st tier/General travel agency)
・Hokuriku will be increasingly popular particularly with visitors from Europe and North America. (1st tier/Retailer 2)

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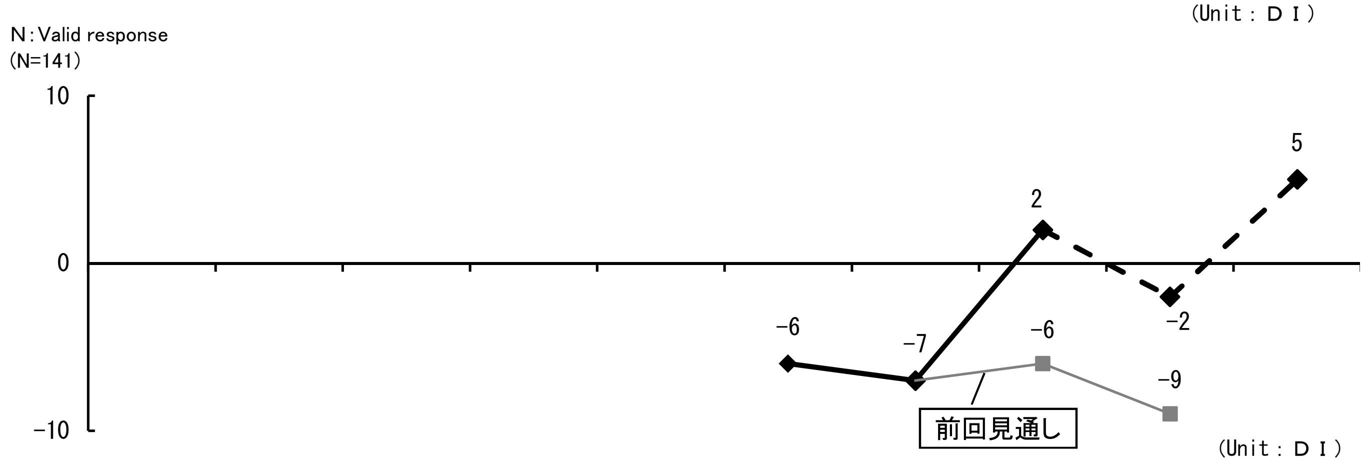

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2 years ago Apr.-Jun.	1 1/2 years ago Oct.-Dec.	1 year and 3 months Jan.-Mar.	1 year ago Apr.-Jun.	9 months ago Jul.-Sep.	6 months ago Oct.-Dec.	3 months ago Jan.-Mar.	Current Apr.-Jun.	3 months later Jul.-Sep.	6 months later Oct.-Dec.
-	-	-	-	-	-6	-7	**2** **※-6**	-2 ※-9	5

※2017年3月期調査見通し数値

	1 1/2 years ago Oct.-Dec.	1 year and 3 months Jan.-Mar.	1 year ago Apr.-Jun.	9 months ago Jul.-Sep.	6 months ago Oct.-Dec.	3 months ago Jan.-Mar.	Current Apr.-Jun.	3 months later Jul.-Sep.	6 months later Oct.-Dec.
Full-service travel agency	-	-	-	-	7	16	**30**	11	19
First-tier retail agency	-	-	-	-	-18	-12	**18**	9	27
Second-tier retail agency	-	-	-	-	-10	-21	**-3**	0	-3
In-house travel agency	-	-	-	-	0	-25	**5**	-11	0
Online travel agency	-	-	-	-	25	100	**-34**	0	0
Inbound tour travel agency	-	-	-	-	-13	-10	**-11**	-6	3

■Current trends in inbound travel (by destination)

With a 17-point increase, Okinawa reached -2. Kyushu performed better than the previous quarter and gained 16 poi
Hokkaido suffered a noticeable drop in demand, lost 20 points and dropped into negative territory.
During the next quarter, Hokkaido is expected to recover and gain 9 points. Demand for Tohoku will show a modera
recovery and increase by 3 points. Osaka and Kyoto, which are in the lead, will decrease by 4 points along with the Tokyo Metropolitan Area, which will lose 3 points.

- Compared to the previous quarter (January – March), Okinawa enjoyed a 17-point stronger demand also kyushu will be increase by gaining 16 points.. The Tokyo Metropolitan Area consolidated its lead by gaining 3 points. Osaka and Kyoto passed into positive DI territory by gaining 2 points. Demand for the Golden Route was 1 point stronger. Sanyo, Yamagata and Shikoku, gaining one point each, showed no considerable fluctuations. Hokkaido, which was in the lead during the previous quarter, fell into negative territory after losing 20 points. Kinki lost 12 points, Tohoku 5 points and Tokai 5points. Kanto was 2 points down, Koshinetsu and Hokuriku saw a one-point decrease each.
- During the next quarter (July – September), Hokkaido is expected to recover and gain 9 points. Tohoku is expected to show a moderate recovery and grow by 3 points. Demand for the Tokai area will be stable without any fluctuations. Osaka and Kyoto, which are in the lead, will decrease by 4 points. The Tokyo Metropolitan Area will see a moderate decrease in demand. The Golden Route will lose 9 points, Kanto 7, Koshinetsu and Hokuriku 7, Kyushu 7, Okinawa 4, and Kinki 3 points. Sanyo, Yamagata and Shikoku will see a 3-point weaker demand.

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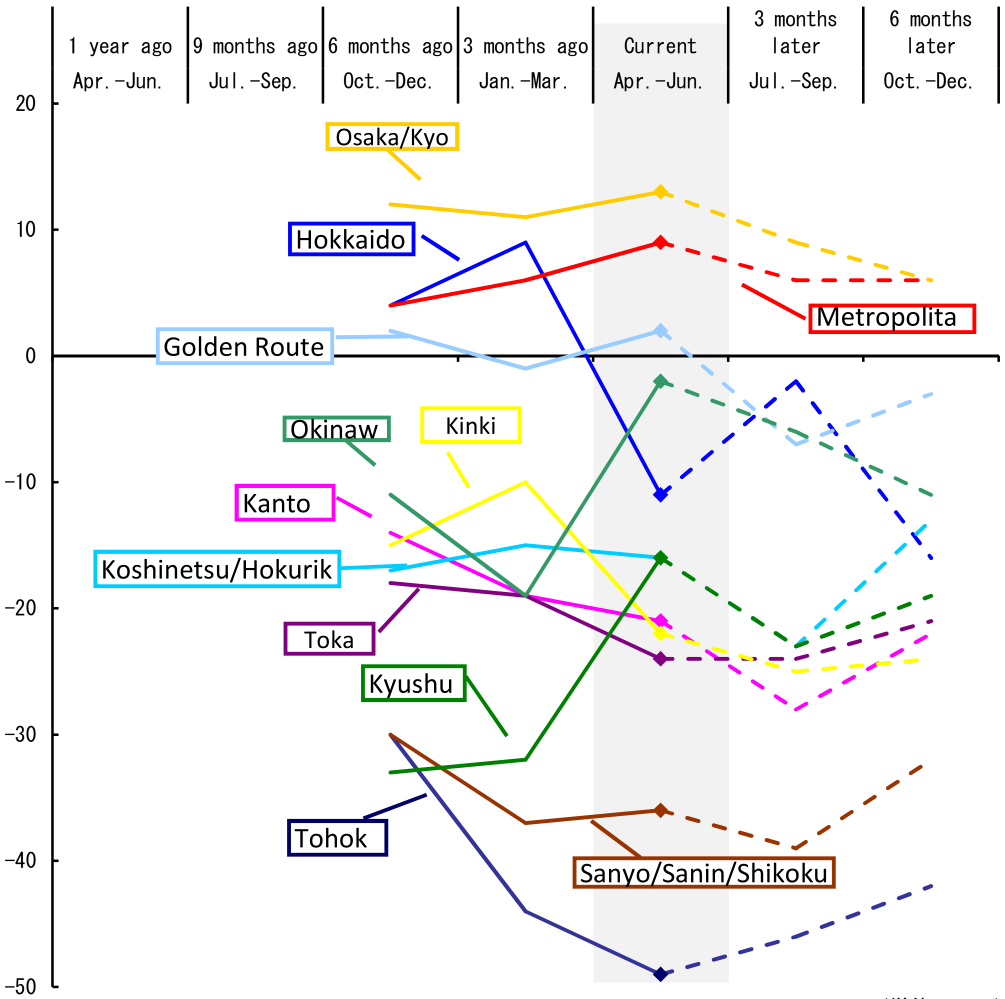

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	1 year ago Apr.-Jun.	9 months ago Jul.-Sep.	6 months ago Oct.-Dec.	3 months ago Jan.-Mar.	**Current Apr.-Jun.**	3 months later Jul.-Sep.	6 months later Oct.-Dec.
Hokkaido	-	-	4	9	**-11**	-2	-16
Tohoku	-	-	-30	-44	**-49**	-46	-42
Kanto	-	-	-14	-19	**-21**	-28	-22
Golde Route（Kanto⇔Kansai）	-	-	2	-1	**2**	-7	-3
Metropolitan area	-	-	4	6	**9**	6	6
Koshinetsu/Hokuriku	-	-	-17	-15	**-16**	-23	-13
Tokai	-	-	-18	-19	**-24**	-24	-21
Osaka/Kyoto	-	-	12	11	**13**	9	6
Kinki	-	-	-15	-10	**-22**	-25	-24
Sanyo/Sanin/Shikoku	-	-	-30	-37	**-36**	-39	-32
Kyushu	-	-	-33	-32	**-16**	-23	-19
Okinwa	-	-	-11	-19	**-2**	-6	-11

■Trends in inbound travel (by customer segment)

- Compared to the previous three months (January – March), all customer segments performed strongly. MICE visits gained 19 points and group travel 17 points, both segments enjoying stronger demand than the previous quarter. FIT kept on the growth track, gaining 3 points.
- During the next quarter, FIT will keep its leading position and gain 3 points, MICE will drop 4 points. Group travel will see a moderate decline and lose 3 points.

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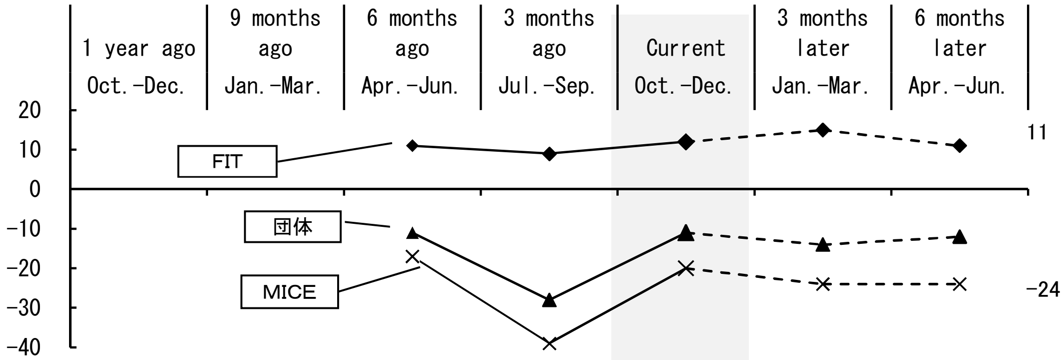

	1 year ago Oct.-Dec.	9 months ago Jan.-Mar.	6 months ago Apr.-Jun.	3 months ago Jul.-Sep.	Current Oct.-Dec.	3 months later Jan.-Mar.	6 months later Apr.-Jun.
ＦＩＴ	-	-	11	9	**12**	15	11
Ｇｒｏｕｐ	-	-	-11	-28	**-11**	-14	-12
ＭＩＣＥ	-	-	-17	-39	**-20**	-24	-24

◆Trends in inbound travel (by source market)

- All source market performed better than the previous quarter (January - March). Taiwan, keeping in the lead, gained 5 points and reached +27. South-East Asia grew by 8 points, Taiwan gained 8 points and both stepped into positive DI territory. North America made a remarkable recovery by gaining 25 points. All other source market keep the upward trend with Europe gaining 14, South America 10, South Korea 10, China
- During the next three months (July - September), Taiwan is expected to lose 7 points but still maintain its high ranking. South-East Asia will gain one point, Hong Kong, too, and will get into positive DI realm. China is expected to increase by 6 and South Korea by 2 points, as both keep on the recovery track. Europe is expected to lose 11, North America 6, Australia 3 points and South America 1 point.

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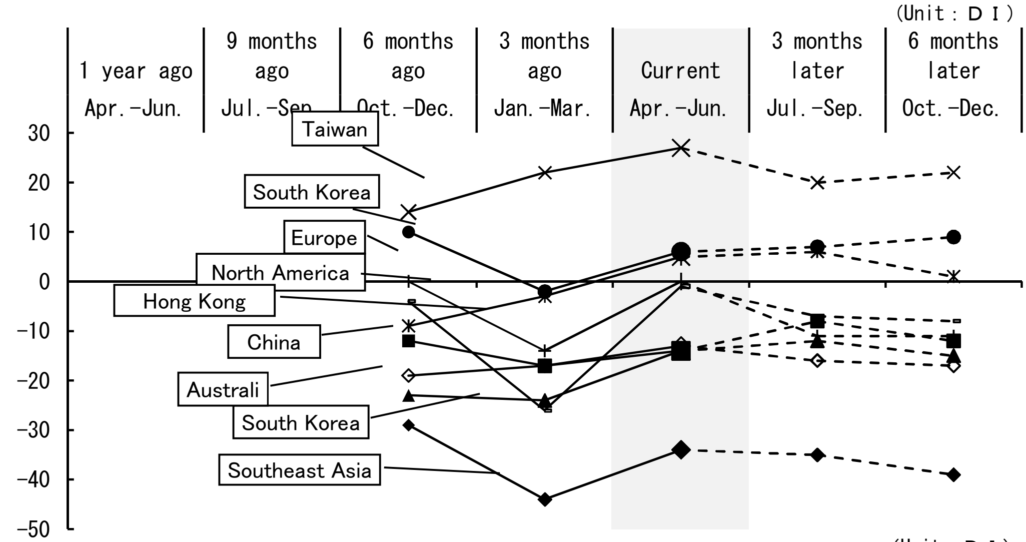

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	1 year ago Apr.-Jun.	9 months ago Jul.-Sep.	6 months ago Oct.-Dec.	3 months ago Jan.-Mar.	Current **Apr.-Jun.**	3 months later Jul.-Sep.	6 months later Oct.-Dec.
China	-	-	-12	-17	**-14**	-8	-12
South Korea	-	-	-23	-24	**-14**	-12	-15
Taiwan	-	-	14	22	**27**	20	22
Hong Kong	-	-	-9	-3	**5**	6	1
Southeast Asia	-	-	10	-2	**6**	7	9
Europe	-	-	0	-14	**0**	-11	-11
North America	-	-	-4	-26	**-1**	-7	-8
South America	-	-	-29	-44	**-34**	-35	-39
Australia	-	-	-19	-17	**-13**	-16	-17